

BOARD MEETING DATE: November 4, 2011

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the October 7, 2011 meeting.

RECOMMENDED ACTION:

Approve Minutes of the October 7, 2011 Board Meeting.

Saundra McDaniel,
Clerk of the Boards

SM:dp

FRIDAY, OCTOBER 7, 2011

Notice having been duly given, the special meeting of the South Coast Air Quality Management District Board was held at the Millennium Biltmore Hotel Los Angeles, 506 South Grand Avenue, Los Angeles, California. Members present:

William A. Burke, Ed.D., Chairman
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman
Cities of San Bernardino County

Mayor Michael D. Antonovich (arrived at 9:35 a.m. and left at 11:45 a.m.)
County of Los Angeles

Supervisor John J. Benoit
County of Riverside

Mayor Pro Tem Michael A. Cacciotti
Cities of Los Angeles County – Eastern Region

Ms. Jane W. Carney
Senate Rules Committee Appointee

Supervisor Josie Gonzales
County of San Bernardino

Dr. Joseph K. Lyou
Governor's Appointee

Councilmember Judith Mitchell
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson
County of Orange

Councilmember Jan Perry (left at 9:45 a.m. and returned at 11:20 a.m.)
City of Los Angeles

Mayor Miguel A. Pulido (left at 11:20 a.m.)
Cities of Orange County

Members absent:

Mayor Ronald O. Loveridge
Cities of Riverside County

CALL TO ORDER: Chairman Burke called the meeting to order at 9:15 a.m.

- Pledge of Allegiance: Led by Councilwoman Perry.
- Opening Comments

Councilwoman Perry. Announced that she attended the Clean Air Fair for Seniors at the Los Angeles Convention Center on September 15, 2011 and offered her appreciation to AQMD staff who participated in the event that was very well attended and the topics were well received by a segment of the population that can sometimes be overlooked.

Supervisor Gonzales. Thanked staff for their involvement with the Route 66 Rendezvous in San Bernardino on September 13 through 16, 2011 and acknowledged the efforts of public affairs staff member Todd Warden, who worked tirelessly to present information about the various types of alternatively-fueled vehicles that were on display. She also noted that she selected a 1942 COE truck, which held a tiny electric car in the bed, as the recipient of the AQMD Cruising Award. She acknowledged the role that trucks play in stimulating the economy and delivering needed goods and noted the need to continue to work with the trucking and manufacturing industries to further reduce air pollution.

Councilman Cacciotti. Noted that as a result of his attendance at the recent Santa Monica Alt Car Expo, he saw the need for staff to take a look at some of the emerging technologies that can be of benefit to the District and local municipalities' operations, including pickup trucks, passenger vans and all electric vehicles from BMW.

Dr. Lyou. Reported that he attended a portion of the Air Quality Technology Symposium hosted by AQMD on September 28 and 29, 2011 and was encouraged by the large turnout and highly qualified speakers. He also noted his attendance at the National Institute of Environmental Health Sciences town hall meeting in Paramount on October 6, 2011 which included local environmental health science professionals and community members who expressed concerns about the proposals for intermodal rail yards and the 710 freeway expansion. He urged staff to take advantage of the enormous resource that the local environmental health scientists provide through their research on the impacts of air pollution on public health.

Councilwoman Mitchell. Noted that she also attended the Symposium and was encouraged to learn about new technology on the horizon that can help the region to attain cleaner air in an efficient and economical manner.

CONSENT CALENDAR

1. Approve Minutes of September 9, 2011 Board Meeting
2. Set Public Hearing November 4, 2011 to Consider Amendments and/or Adoption to AQMD Rules and Regulations:

Amend Rule 463 – Organic Liquid Storage

Budget/Fiscal Impact

3. Amend Contract with Cinema Vertige for Completion of Five Short Videos on Specific Regions in AQMD
4. Issue RFP for Replacement of Hot Water Boilers
5. Transfer Funds from Emission Reduction and Outreach Fund to General Fund and Close Emission Reduction and Outreach Fund
6. Execute Contracts for Natural Gas Fueling Stations
(Continued from September 9, 2011 Board Meeting by operation of procedures)
7. Execute Contracts for FY 2010-11 “Year 13” Carl Moyer Program and SOON Provision, Amend Awards and Contracts under Carl Moyer Program and Approve Funding for Technical Assistance
8. Amend Contract for Demonstration of Local Use Vehicles
9. Approve Awards for Replacement of Pre-1987 School Buses
10. Recognize Revenue from U.S. DOE and Execute Contracts for PEV Infrastructure Planning
11. Recognize Funds from U.S. EPA and Execute Contract for Demonstration of Advanced Maritime Emissions Control System for Ocean-Going Vessels
12. Execute Agreements, Recognize Funds, and Amend Existing Contracts for In-Use Emissions Testing and Retrofit Technology Demonstration Program

13. Execute Contracts to Conduct Natural Gas Hearth Product Incentive Program
14. Designate Funds and Issue Program Opportunity Notice for Testing Control Equipment for PM Reductions from Under-fired Charbroilers
15. Approve Participation in USC Executive Education Program as “Strategic Alliance Partner”
16. Approve Memorandum of Understanding with Jiangsu Provincial Department of Environmental Protection, People’s Republic of China
17. Approve Alternative Fuel Infrastructure, Off-Road After-treatment, and Technical Advisor Services Contract Awards under FYs 2010-11 and 2011-12 AB 2766 Discretionary Fund Work Programs

Items 18 through 26 - Information Only/Receive and File

18. Legislative & Public Affairs Report
19. Hearing Board Report
20. Civil Filings and Civil Penalties Report
21. Lead Agency Projects and Environmental Documents Received by AQMD
22. Rule and Control Measure Forecast
23. Final Report on AQMD’s Chinese-American Advertising and Outreach Initiative
24. Annual Report on 457 Deferred Compensation Plan
25. Status Report on California Air Resources Board Boilerplate Grant Fund Contract Language Pertaining to “Dispute Resolution” and Recommendation for Governing Board-to-Governing Board Request for Modification of Said Provision in Future Contracts

26. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2011-12

Supervisor Gonzales announced her abstention on Item No. 6 because of a campaign contribution from Burrtec. Supervisor Benoit announced his abstention on Item No. 6 because of a campaign contribution. Supervisor Nelson announced his abstention on Item No. 7 because of a campaign contribution. Dr. Lyou announced his abstention on Item No. 6 because Clean Energy and Waste Management are potential sources of income to him; No. 7 because Disney World Wide Services is a potential source of income to him; No. 10 because the Bay Area Air Quality Management District is a potential source of income to him; and No. 12 because the Ports of Los Angeles and Long Beach are potential sources of income to him.

MOVED BY MITCHELL, SECONDED BY PULIDO, THE BOARD APPROVED AGENDA ITEMS 1 THROUGH 26, AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Benoit (*except Item #6*), Burke, Carney, Cacciotti, Gonzales (*except Item #6*), Lyou (*except Items 6, 7, 10, 12*), Mitchell, Nelson (*except Item #7*), Perry, Pulido and Yates.

NOES: None.

ABSTAIN: Benoit and Gonzales (*Item #6 only*), Lyou (*Items 6, 7, 10 and 12 only*) and Nelson (*Item #7 only*).

ABSENT: Antonovich and Loveridge.

27. Items Deferred from Consent Calendar – none.

BOARD CALENDAR

28. Administrative Committee

29. Climate Change Committee

30. Legislative Committee

- 31. Mobile Source Committee
- 32. Stationary Source Committee
- 33. Technology Committee
- 34. Mobile Source Air Pollution Reduction Review Committee
- 35. California Air Resources Board Monthly Report

MOVED BY YATES, SECONDED BY MITCHELL,
AGENDA ITEMS 28 THROUGH 35 APPROVED AS
RECOMMENDED, RECEIVING AND FILING THE
BOARD COMMITTEES, MSRC AND CARB
REPORTS, BY THE FOLLOWING VOTE:

AYES: Burke, Benoit, Cacciotti, Carney,
Gonzales, Lyou, Mitchell, Nelson, Perry,
Pulido and Yates.

NOES: None.

ABSENT: Antonovich and Loveridge.

PUBLIC HEARINGS

- 36. Adopt Revisions to 2007 PM2.5 State Implementation Plan for South Coast Air Basin

Joe Cassmassi, Planning & Rules Manager, gave the staff presentation.

(Councilwoman Perry left and Supervisor Antonovich arrived at 9:35 a.m.)

The public hearing was opened, and the following individual addressed the Board on Agenda Item 36.

JIM STEWART, Sierra Club

Expressed support for the proposed revisions which will help to further reduce dangerous particulate pollution.

There being no further public testimony on this item, the public hearing was closed.

MOVED BY YATES, SECONDED BY MITCHELL, AGENDA ITEM 36 APPROVED, ADOPTING RESOLUTION NO. 11-24 CERTIFYING THE NOTICE OF EXEMPTION FOR THE 2007 AQMP AND ADOPTING THE REVISION TO THE FINAL 2007 AQMP, AND DIRECTING STAFF TO FORWARD THE REVISIONS TO THE PM2.5 SIP TO CARB FOR APPROVAL AND SUBMISSION TO U.S. EPA AS PART OF THE 2007 SIP, AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Benoit, Cacciotti, Carney, Gonzales, Lyou, Mitchell, Nelson, Pulido and Yates.

NOES: None.

ABSENT: Loveridge and Perry.

37. Amend Rule 1470 - Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines (***Continued from September 9, 2011 Board Meeting***)

Ms. Carney left the meeting, after announcing her abstention on Agenda Item No. 37 because Loma Linda University Medical Center is a source of income to her.

Susan Nakamura, Planning & Rules Manager, gave the staff presentation and presented an errata sheet containing two modifications to the Resolution and the Proposed Amended Rule and a correction to Attachment 1 to the Resolution.

The public hearing was opened, and the following individuals addressed the Board on Agenda Item 37.

DR. RASTO BREZNY, Manufacturers of Emission Controls Association

Explained that the leading manufacturers of emission control technologies which make up their nonprofit association, produce over eleven passive and active diesel particulate filters that are on CARB's verified technology list and they are continuing to develop and verify new technologies to meet future demands. He stressed that the diesel retrofit equipment is proven technology with over 300,000 mobile and stationary engines worldwide including over 1,000 emergency standby engines in California already equipped with DPFs. He added that the manufacturers have reformulated their catalyst to be able to achieve certain regeneration during low load operation to account for the needs of the emergency standby engines.

BILL QUINN, California Council for Environmental and Economic Balance

Recognized staff's efforts in developing the proposed amendments and although they remain concerned about the implementation and permitting process, expressed support for the amendments with the inclusion of language regarding the technology being monitored to ensure proper operation.

JOE SUCHECKI, Engine Manufacturers Association

Stressed the deficiencies with the current DPF technology as it applies to emergency engines, noting that safety and reliability should be of great concern, as well as the high cost of retrofitting the engines; and, while they support the usage of DPFs on new vehicles, they feel the risks outweigh the benefits in applying them to emergency engines with the current technology. (Submitted Written Comments)

Dr. Wallerstein noted that the emission reduction is not only for when the generators are used in the event of an emergency, but when they are regularly tested as well.

Supervisor Nelson noted his concern with the high cost of retrofitting the engines and the risk of failure of the generators due to the addition of the filters. He further noted that he found the Engine Manufacturers Association's testimony compelling and did not believe that the emissions reductions associated with DPFs merit the control cost and the risk of engine failure.

Dr. Wallerstein responded that staff's determination is that when installed, operated and maintained properly, DPFs are a reliable and effective technology to reduce diesel PM emissions from stationary emergency standby engines.

Supervisor Benoit commented that adding further complexity to the engines creates the potential for failures and suggested that a solution to address the small number of generators in question could be reached in a manner that lowers risk and does not place an undue financial burden on municipalities and businesses.

JIM STEWART, Sierra Club

Urged adoption of the proposed amendments to protect the public from the negative health impacts of particulate emissions.

MARTIN SCHLAGETER, Coalition for Clean Air

Expressed support for the reasonable amendments that will ensure the cleanest available technologies are being utilized to protect public health.

ALFRED JAVIER, Eastern Municipal Water District

Expressed opposition to additional requirements for controls on emergency engines that provide essential services because of the lack of proven reliability through continuous operation and peak load usage.

MICHAEL W. LEWIS, Construction Industry Air Quality Coalition

Noted that the original studies conducted by CARB on the impacts of particulate matter are being called into question and the lack of data to support the findings has led to the relaxation of CARB's imposition of technology. He stressed that the conditions under which emergency generators operate are not conducive to being equipped with DPFs. (Submitted Written Comments)

ADRIANO MARTINEZ, Natural Resources Defense Council

Expressed support for the staff proposal which will help protect local communities and sensitive receptors and urged the Board to acknowledge the successful implementation of these technologies as detailed in the staff report.

KARL LANY, So Cal Caterpillar Dealers and AT&T

Acknowledged the need for amendments to Rule 1470 but noted the concerns with the current proposal including the increased costs and higher fuel consumption in those applications where DPFs are installed, and, most importantly, the potential for failure among the emergency engines. He requested that if the Board approves the current proposal, staff be directed to: 1) reduce permitting complexity by developing risk matrices that permit applicants can voluntarily refer to, eliminating the need for expensive risk assessments; 2) take measures to protect and preserve the certified equipment program; 3) not write permit conditions that mandate the automatic shutoff of an emergency engine when back pressure or other operating parameters are outside of specification; and 4) allow bypass operations to applicants other than those that are in the rule when they can make the demonstration to staff in permit applications that it is warranted.

GREG ADAMS, Los Angeles County Sanitation District & SCAP

Noted that the failure of control and alarm systems can lead to devastating effects, citing an example from 2006 where approximately 1.5 million gallons of raw sewage was spilled flowing into homes, across beaches and into the ocean; and expressed strong opposition to the installation of any control device that can fail in the closed position in the exhaust of emergency standby engines.

PAUL O'HARA, Cummins Cal Pacific

Noted that as part of their commitment to clean air, they have invested over a billion dollars over the past 10 years towards cleaner-burning engines; commented that if the Board moves forward with the new requirements, they would be able to make their engines conform, but insist on having the right technology available to meet the standards that will also maintain the reliability of the engines; and urged the Board to make arrangements for the certified equipment program to be reinstated for the benefit of the construction industry and, ideally, the after-treatment industry.

There being no further public testimony on this item, the public hearing was closed.

Written Comments Submitted by:

James F. Green, The Metropolitan Water District of Southern California
John Pastore, Southern California Alliance of Publicly Owned Treatment Works

Chairman Burke recognized the need for protecting sensitive receptors, but raised concerns with the current proposal's cost and the potential for failure of the equipment. He suggested that the staff look into other ways to gain the desired outcome and return to the Board.

Supervisor Benoit noted that the number of engines that are in close proximity to sensitive receptors is probably limited, and asked staff to identify ways to treat those types of installations on a very limited basis to minimize the costly and potentially risky requirements that are currently proposed.

Supervisor Gonzales added that it is important to maintain the mission of the agency while avoiding trying to make something fit that is not quite right and will harm businesses financially and potentially harm the public.

Dr. Lyou commented that addressing this matter is key in furtherance of the Board's efforts to advocate for diesel emission reductions, and other industries will need to follow suit along with the Ports, U.S. EPA and CARB to aggressively target reductions in health impacts from diesel sources.

Mayor Pulido noted the importance of making sure the higher priority concerns are being addressed properly and suggested the development of an energy plan that could address the potential for electric and battery storage.

Councilwoman Mitchell reiterated that in tailoring the right solution for the Basin, staff needs to address the concerns regarding the reliability of the retrofitted equipment and the size and area of the sphere of the receptors that the rule is aiming to protect.

Mayor Yates explained that after hearing the concerns of stakeholders in two Stationary Source Committee meetings, he was not confident in the solution that had been laid out and while he understands the concerns regarding the expense, the Board still has a responsibility to protect the people and the children that live and play next to diesel generating engines.

Supervisor Nelson noted that aside from exempting emergency generators altogether, perhaps the units in close proximity to schools and homes could be addressed on an individual basis possibly through operating conditions rather than filters, along with promoting the continued development of cleaner engines.

MOVED BY PULIDO, SECONDED BY ANTONOVICH, AND UNANIMOUSLY CARRIED (Absent: Carney, Loveridge and Perry), THE BOARD REFERRED PROPOSED AMENDED RULE 1470 BACK TO STAFF FOR FURTHER REVIEW AND INVESTIGATION.

38. Amend Employee Commute Reduction Program Guidelines to Rule 2202 - On-Road Motor Vehicle Mitigation Options

Carol Gomez, Planning & Rules Manager, gave the staff presentation.

In response to Ms. Carney's request, Ms. Gomez explained that the parking cash-out proposed amendment applies to worksites with 250 or more employees who lease parking space separately from their office space, and can determine the cost of each parking space. The value of the parking space is to be offered to employees in hopes that they will utilize alternate modes of transportation.

The public hearing was opened, and the following individuals addressed the Board on Agenda Item 38.

J.J. WESTON, Burbank Transportation Management Organization

Urged the Board to not adopt the parking cash-out component of the amendments because of the unintended negative consequences it creates, including 1) the difficulty of developers to attract new businesses to their buildings because of the high cost of parking space, 2) the large staffing costs that employers will incur during the implementation and administration of the parking cash-out program, and 3) employees may take the cash-out money and continue to drive to work and find alternative parking which burdens the surrounding businesses and residences. (Submitted Written Comments)

JIM STEWART, Sierra Club

MARTIN SCHLAGETER, Coalition for Clean Air

Expressed support for the modest, necessary and long overdue amendments in the effort to promote ridesharing and daily commute alternatives; and noted that the parking cash-out is state mandated and is necessary to encourage people to carpool, use mass transit, or walk or bike to work.

Ms. Carney asked staff to confirm that her recollection that the AQMD is not mandated to implement the parking cash-out, even though it exists in state law, was correct.

Dr. Wallerstein confirmed Ms. Carney's understanding and noted that under a different provision of state law, there is a requirement for rideshare plans to achieve a designated target, and the current proposed amendments only

applies to those that have not achieved their target and are not making progress toward their target.

RICHARD TEEBAY, County of Los Angeles

Explained that the County fleet of 14,000 vehicles consumed 14 million gallons of fuel in 2009 which represented 11 percent of the County's total GHG emissions while the emissions from the personal vehicles of the over 100,000 County employees represented 30 percent of the total GHG emissions. He stressed the importance of creating electric vehicle infrastructure at workplaces to reduce petroleum consumption and GHG emissions.

There being no further public testimony on this item, the public hearing was closed.

Dr. Lyou asked staff to further investigate the District's ability to enforce the offset mechanism for those organizations that exhaust their good faith efforts to meet emission reduction requirements or if legislative authority would be required to do so.

MOVED BY YATES, SECONDED BY MITCHELL,
AGENDA ITEM 38 APPROVED AS
RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Benoit, Cacciotti,
Carney, Lyou, Mitchell, Pulido and
Yates.

NOES: Nelson and Gonzales.

ABSENT: Loveridge and Perry.

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to
Government Code Section 54954.3)

Assemblyman Warren Furutani addressed the Board in regard to the status of the many pension reform bills that have been presented to the State Assembly for consideration, indicating that they have all been held in abeyance in order to have them reviewed as a comprehensive package relative to pension reform for California as a whole. He will be serving as co-chair of a conference committee between the Assembly and the State Senate that will address all of the bills relative to pension reform, with their main motivations being 1) to relate that pension reform should begin at the bargaining table, 2) ensuring the equity of pensions among various levels of employees, and 3) addressing other issues such as pension spiking and double dipping. He urged the Board to look at pension reform from top to bottom in the organization and approach the current negotiations with represented employees in good faith.

(Mayor Pulido left and Councilwoman Perry returned at 11:20 a.m.)

The following AQMD employees and Teamsters 911 Representatives Ray Whitmer and Michael Duenas addressed the Board to express their concerns in regards to salaries and benefits for represented employees, and the ongoing labor negotiations.

KEITH BROWN, GARY BANCROFT, NORMA MARTINEZ (on behalf of SCAQMD Professional Employees Association member WIMOL CHANJAMSRI), VICENTE GODFREY and JACOB ALLEN

Noted their commitment to working towards the District's attainment goals, expressed their disagreement with the creation of a two-tiered retirement system, and asked the Board to support them in addressing the inequities in health benefit reimbursement and retirement account contributions that continue to exist between management and represented employees.

(Supervisor Antonovich left at 11:45 a.m.)

Mr. Whitmer detailed inequities that exist between the highest paid employees and the lowest paid employees in terms of healthcare benefit payments and deferred compensation matching, and noted the pressing need to address those issues.

Chairman Burke commented that he understands the burden caused by the high cost of healthcare and assured the employees that their concerns will be considered and a fair solution is being sought.

NO CLOSED SESSION

ADJOURNMENT

There being no further business, the meeting was adjourned by Chairman Burke at 11:50 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on October 7, 2011.

Respectfully Submitted,

Denise Pupo
Senior Deputy Clerk

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan

AVR = Average Vehicle Ridership

CARB = California Air Resources Board

CEC = California Energy Commission

CEQA = California Environmental Quality Act

DPF = Diesel Particulate Filter

FY = Fiscal Year

GHG = Greenhouse Gas

NOx = Oxides of Nitrogen

PM_{2.5} = Particulate Matter \leq 2.5 microns

RFP = Request for Proposals

SIP = State Implementation Plan

U.S. EPA = United States Environmental Protection Agency